

Air Trans. System Stabilization

§ 1300.23

(2) A negotiated repayment schedule is established; or

(3) Other arrangements, satisfactory to the agency responsible for collecting the debt are made.

(d) Decisions by the Board. The Board shall approve or deny applications received on or before June 28, 2002, in a timely manner as such applications are received. The Board may limit the amount of a loan guarantee made to initial applicants to ensure that sufficient funds remain available for subsequent applicants. The Board shall notify the borrower in writing of the approval or denial of an application. Approvals for loan guarantees shall be conditioned upon compliance with § 1300.18.

§ 1300.18 Issuance of the guarantee.

(a) The Board's decisions to approve any application for a guarantee under § 1300.17 is conditioned upon:

(1) The lender and borrower obtaining any required regulatory or judicial approvals;

(2) Evidence showing, to the Board's satisfaction, that the lender and borrower are legally authorized to enter into the loan under the terms and conditions submitted to the Board in the application;

(3) The Board's receipt of the loan documents and any related instruments, in form and substance satisfactory to the Board, and the guarantee, all properly executed by the lender, borrower, and any other required party other than the Board; and

(4) No material adverse change in the borrower's ability to repay the loan or any of the representations and warranties made in the application between the date of the Board's approval and the date the guarantee is to be issued.

(b) The Board may withdraw its approval of an application and rescind its offer of guarantee if the Board determines that the lender or the borrower cannot, or is unwilling to, provide adequate documentation and proof of compliance with paragraph (a) of this section within the time provided for in the offer.

(c) Only after receipt of all the documentation required by this section, will the Board sign and deliver the guarantee.

(d) A borrower receiving a loan guaranteed by the Board under this program shall pay an annual fee, in an amount and payable as determined by the Board. At the time that the guarantee is issued, the Board shall ensure that this annual fee will escalate for each year that the loan is outstanding and that such annual escalation reflects the borrower's potential ability to obtain credit in the private credit markets, in addition to any other factors the Board may deem appropriate.

§ 1300.19 Assignment or transfer of loans.

Neither the loan documents nor the guarantee of the Board, or any interest therein, may be modified, assigned, conveyed, sold or otherwise transferred by the lender, in whole or in part, without the prior written approval of the Board.

§ 1300.20 Lender responsibilities.

The lender shall have such obligations and duties to the Board as are set forth in the guarantee.

§ 1300.21 Guarantee.

The Board shall adopt a form of guarantee to be used by the Board under the program. Modifications to the provisions of the form of guarantee must be approved and adopted by the Board.

§ 1300.22 Termination of obligations.

The Board shall have such rights to terminate the guarantee as are set forth in the guarantee.

§ 1300.23 Participation in guaranteed loans.

(a) Subject to paragraph (b) of this section, a lender may distribute the risk of a portion of a loan guaranteed under the program by sale of participations therein if:

(1) Neither the loan note nor the guarantee is assigned, conveyed, sold, or transferred in whole or in part;

(2) The lender remains solely responsible for the administration of the loan; and

(3) The Board's ability to assert any and all defenses available to it under the guarantee and the law is not adversely affected.